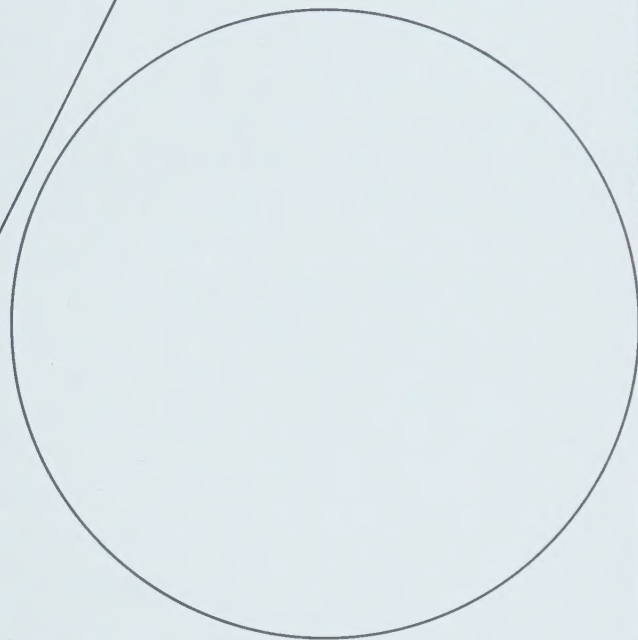
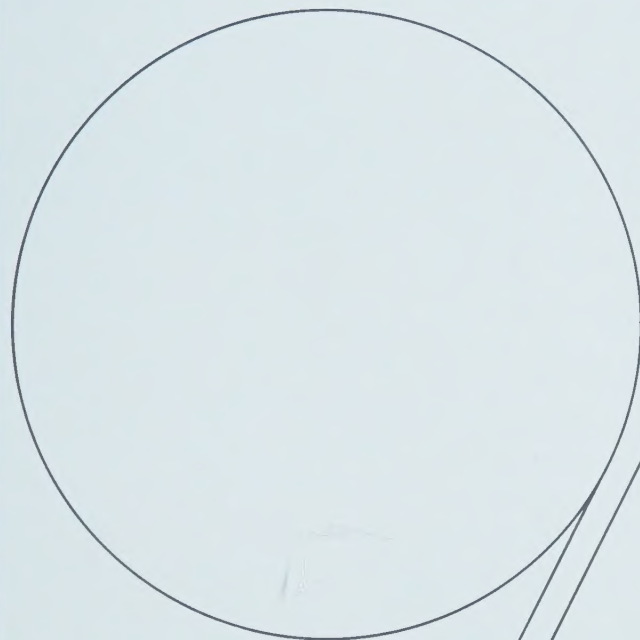


AR31

ANNUAL REPORT



RAPID GRIP AND BATTEN, LIMITED



DIRECTORS AND OFFICERS

DIRECTORS

Reginald A. Batten
William R. Englebright
George C. Gardiner
Douglas R. Keedwell, C.A.
J. Harold Mitchell
Robert M. Sutherland, Q.C.

OFFICERS

George C. Gardiner
President
Douglas R. Keedwell, C.A.
Vice-President and Secretary
Ralph W. Porter, C.A.
Comptroller

TRANSFER AGENT AND REGISTRAR

Montreal Trust Company, Toronto

AUDITORS

Touche Ross & Co.

BANKERS

The Royal Bank of Canada

SOLICITORS

McCarthy & McCarthy
Fasken & Calvin

HEAD OFFICE

224 Richmond Street West, Toronto

REPORT TO SHAREHOLDERS

On behalf of your Board of Directors I am pleased to present the Company's Consolidated Balance Sheet at December 31, 1970, Consolidated Statements of Earnings, Retained Earnings and Working Capital for the year and the Auditors' Report to Shareholders.

In 1970 consolidated sales amounted to \$10,952,010, an increase of \$658,330 or 6.3% over the previous year. Sales increases were recorded by all of the Company's divisions and subsidiaries.

Consolidated earnings from operations before extraordinary items amounted to \$374,765 compared with \$351,021 in 1969. Earnings per Class A share were \$1.50 compared with \$1.42 the previous year and per Common share 90¢ compared with 82¢ the previous year.

Earnings from motion picture operations and from investments improved but were offset in part by a decline in profitability from printing plate operations. Our Toronto Photoengraving Plant was subject to a strike in May

which, while short in duration, was disruptive to operations and detrimental to earnings.

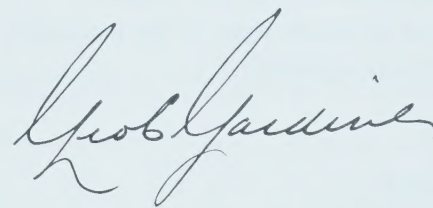
Capital expenditures amounted to \$446,051 of which \$224,078 is attributable to improvements in our Toronto printing plate plant facilities.

As reported in our recent letter to shareholders the change in control of the Company was completed in January, 1971. The Board of Directors is now comprised of Messrs. George C. Gardiner, President; Douglas R. Keedwell, C.A., Vice-President and Secretary; Robert M. Sutherland, Q.C.; William R. Englebright; J. Harold Mitchell and Reginald A. Batten who continues as President of subsidiary companies, Rabko Television Productions Co. Limited and Medallion Film Laboratories Limited.

While the outlook for 1971 is clouded somewhat by the prevailing economic uncertainties, we are presently reviewing all aspects of our printing plate divisions with a view to improving our sales organization, reducing our operating costs and in turn

increasing the profitability of this important segment of our business. We anticipate that the results of this review will make a positive contribution to earnings of the Company upon any general improvement in economic conditions.

The Board of Directors recognizes and appreciates the constant efforts of all those associated with the Company and their dedication to the creation of quality products and customer satisfaction.



President

RAPID GRIP AND BATTEN, LIMITED AND SUBSIDIARY COMPANIES

Consolidated Balance Sheet at December 31, 1970

ASSETS	1970	1969
CURRENT		
Cash and short-term commercial notes.....	\$ 576,309	\$ 405,555
Accounts receivable.....	1,876,904	1,892,389
Marketable securities at cost (approximate market value \$105,500).....	96,810	—
Materials, supplies and work in process at the lower of cost and net realizable value.....	232,359	272,578
Advances to supplier, less reserve.....	18,722	42,424
Prepaid expenses.....	30,562	43,170
	2,831,669	2,656,117
INVESTMENTS—AT COST		
Shares in and advances of \$55,000 (1969—\$55,000) to associated companies.....	137,000	123,000
Mortgages less current portion.....	295,000	315,000
Cash surrender value of life insurance.....	23,817	238,404
Other investments.....	11,342	14,116
	467,159	690,520
FIXED		
Plants and properties at cost.....	5,373,259	4,996,306
Less accumulated depreciation.....	3,564,610	3,356,931
	1,808,648	1,639,375
	\$5,107,476	\$4,986,013

On behalf of the Board
Geo. C. Gardiner, Director
W. R. Englebright, Director

LIABILITIES	1970	1969
CURRENT		
Accounts payable and accrued	\$ 851,488	\$ 828,322
Dividends payable	24,277	24,457
Income taxes payable	79,703	232,601
Long-term debt, current portion	—	2,797
	955,470	1,088,178
DEFERRED INCOME TAXES	43,200	55,500

SHAREHOLDERS' EQUITY (Note 3)		
Share capital	914,313	930,813
Retained earnings	3,194,493	2,911,521
	4,108,806	3,842,334
	\$5,107,476	\$4,986,013

RAPID GRIP AND BATTEN, LIMITED AND SUBSIDIARY COMPANIES

Consolidated Statement of Retained Earnings for the year ended December 31, 1970

	1970	1969
Balance, beginning of year.....	\$2,911,521	\$2,327,495
Add		
Earnings for the year.....	376,252	673,573
Surplus on purchase of preferred shares.....	4,167	2,672
Excess of book value over cost of assets of subsidiary company acquired.....	—	5,999
	3,291,940	3,009,741
Deduct		
Dividends on preferred shares.....	21,547	22,320
Dividends on Class A shares.....	75,900	75,900
	97,447	98,220
Balance, end of year.....	\$3,194,493	\$2,911,521

Consolidated Statement of Earnings for the year ended December 31, 1970

	1970	1969
Sales.....	\$10,952,010	\$10,293,680
Earnings from operations before taking into account the following items.....	\$ 985,794	\$ 957,292
Deduct		
Depreciation.....	261,507	214,262
Bond interest.....	—	3,281
Other interest.....	2,053	10,473
	263,561	228,017
	722,232	729,274
Add		
Investment and other income.....	60,599	21,470
Earnings from operations before income taxes.....	782,832	750,745
Income taxes.....	408,067	399,724
Earnings from operations.....	374,765	351,021
Profit on sale of real estate.....	—	283,352
Income tax reductions on carry-forward of losses.....	1,486	39,200
	1,486	322,552
Earnings for the year (Note 2).....	\$ 376,252	\$ 673,573

Consolidated Statement of Working Capital for the year ended December 31, 1970

	1970	1969
SOURCE OF WORKING CAPITAL		
Earnings from operations.....	\$ 374,765	\$ 351,021
Depreciation not involving an outlay of funds.....	261,507	214,262
Income tax adjustments—net (decrease*).....	10,813*	29,000
From operations.....	625,460	594,283
Decrease in investments.....	223,361	—
Proceeds of sale of real estate.....	—	601,740
Discount on purchase of preferred shares.....	4,167	2,672
Excess of book value over cost of assets of subsidiary company acquired.....	—	5,999
	852,988	1,204,696
APPLICATION OF WORKING CAPITAL		
Increase in plants and properties.....	430,780	317,738
Increase in investments.....	—	207,686
Decrease in long-term debt.....	—	7,391
Purchase of preferred shares.....	16,500	14,500
Dividends.....	97,447	98,220
	544,727	645,535
Net increase in working capital for the year.....	308,261	559,160
Working capital beginning of year.....	1,567,938	1,008,777
Working capital end of year.....	\$1,876,199	\$1,567,938

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 1970

- The financial statements consolidate the accounts of the Company and its subsidiaries Filmpro Limited, Rabko Television Productions Co. Limited, Arco Advertisers Revisions Limited, Fairbairn Studio Limited and Medallion Film Laboratories Limited.

- Comparative earnings per share are:—

	Before Extraordinary Items		After Extraordinary Items	
	1970	1969	1970	1969
Preferred—distributed	<u>\$6.00</u>	<u>\$6.00</u>	<u>\$6.00</u>	<u>\$6.00</u>
Class A —distributed	<u>\$.60</u>	<u>\$.60</u>	<u>\$.60</u>	<u>\$.60</u>
—undistributed	<u>.90</u>	<u>.82</u>	<u>.91</u>	<u>1.88</u>
	<u>\$1.50</u>	<u>\$1.42</u>	<u>\$1.51</u>	<u>\$2.48</u>
Common —undistributed	<u>\$.90</u>	<u>\$.82</u>	<u>\$.91</u>	<u>\$1.88</u>

- Share capital

Authorized 10,000 6% cumulative redeemable preferred shares with a par value of \$100 each and callable at \$104

	Preferred Shares	Amount
Issued	4,000	\$400,000
Less purchased for cancellation	510	51,000
Outstanding	<u>3,490</u>	<u>349,000</u>

	Class A Shares	Common Shares	
Authorized 200,000 60¢ cumulative participating Class A shares and 200,000 common shares, all without nominal or par value.			
Issued and outstanding	<u>126,500</u>	<u>178,500</u>	<u>565,313</u>
			<u>\$914,313</u>

Preferred shares have been purchased for cancellation in accordance with the terms of issue and include 165 shares purchased during the year. As the result of such purchases retained earnings in the amount of \$51,000 and equivalent to the par value of the shares cancelled are not available for distribution.

- In accordance with the requirements of recent amendments to the Canada Corporations Act as to information relating to directors and officers:
 - The Company had eight directors whose aggregate remuneration as directors amounted to \$500.
 - The Company had eight officers (as defined in the act) whose aggregate remuneration amounted to \$178,514.
 - Seven of the officers were also directors.
- The Company has guaranteed loans of associated companies to the extent of \$164,000.

AUDITORS' REPORT

The Shareholders,
Rapid Grip and Batten, Limited

We have examined the consolidated balance sheet of Rapid Grip and Batten, Limited and subsidiary companies as at December 31, 1970 and the consolidated statements of earnings, retained earnings and working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the company and its subsidiaries as at December 31, 1970, the results of their operations and the source and application of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,
March 23, 1971.

TOUCHE ROSS & CO.
Chartered Accountants.

FIVE YEAR FINANCIAL SUMMARY

	1970	1969	1968	1967	1966
CURRENT POSITION					
Current assets.....	\$ 2,831,669	\$ 2,656,117	\$1,962,194	\$1,937,832	\$2,561,578
Current liabilities.....	\$ 955,470	\$ 1,088,178	\$ 953,416	\$ 881,173	\$1,363,297
Working capital.....	\$ 1,876,199	\$ 1,567,938	\$1,008,777	\$1,056,659	\$1,198,281
Current ratio.....	2.9	2.4	2.0	2.2	1.9
PROPERTY, PLANT & EQUIPMENT					
Investment in property, plant equipment and improvements	\$ 5,373,259	\$ 4,996,306	\$4,925,422	\$4,784,337	\$4,413,034
Accumulated depreciation.....	\$ 3,564,610	\$ 3,356,931	\$3,071,134	\$2,931,876	\$2,794,496
Provision for depreciation.....	\$ 261,507	\$ 214,262	\$ 182,034	\$ 179,318	\$ 199,410
Expenditures.....	\$ 446,051	\$ 177,923	\$ 188,607	\$ 417,663	\$ 355,417
SHAREHOLDERS' EQUITY					
Preferred stock.....	\$ 349,000	\$ 365,500	\$ 380,000	\$ 391,500	\$ 400,000
Class A and common stock.....	\$ 565,313	\$ 565,313	\$ 565,313	\$ 565,313	\$ 541,088
Retained earnings.....	\$ 3,194,493	\$ 2,911,521	\$2,327,495	\$2,220,565	\$1,997,512
Class A and common equity.....	\$ 3,759,806	\$ 3,476,834	\$2,892,808	\$2,785,878	\$2,538,600
Per share.....	\$ 12.32	\$ 11.39	\$ 9.48	\$ 9.13	\$ 8.60
SALES.....					
	\$10,952,010	\$10,293,680	\$8,464,353	\$8,074,620	\$7,882,336
EARNINGS					
Earnings from operations.....	\$ 374,765	\$ 351,021	\$ 182,845	\$ 275,088	\$ 267,011
Per Class A share —distributed.....	\$.60	\$.60	\$.60	\$.60	\$.60
—undistributed.....	\$.90	\$.82	\$.27	\$.57	\$.56
—total.....	\$ 1.50	\$ 1.42	\$.87	\$ 1.17	\$ 1.16
Per common share—undistributed.....	\$.90	\$.82	\$.27	\$.57	\$.56
Earnings after extraordinary items.....	\$ 376,252	\$ 673,573	\$ 184,545	\$ 322,088	\$ 594,014
Per preferred share—available.....	\$ 107.80	\$ 184.28	\$ 48.56	\$ 82.27	\$ 148.50
—distributed.....	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00	\$ 6.00
Per Class A share —distributed.....	\$.60	\$.60	\$.60	\$.60	\$.60
—undistributed.....	\$.91	\$ 1.88	\$.28	\$.72	\$ 1.67
—total.....	\$ 1.51	\$ 2.48	\$.88	\$ 1.32	\$ 2.27
Per common share—undistributed.....	\$.91	\$ 1.88	\$.28	\$.72	\$ 1.67

COMPANIES AND PRODUCTS



RAPID GRIP AND BATTEN, LIMITED

The parent company with Head Office in Toronto and complete platemaking plants in Toronto, Ottawa and Montreal.

N. H. Clark, *General Sales Manager*, Toronto
D. S. Guest, *Manager*, Toronto Branch
W. A. Herold, *Manager*, Herold & Garbe Branch
R. L. Munro, *Manager*, Montreal Branch
D. A. Williams, *Manager*, Ottawa Branch

Herold & Garbe

HEROLD & GARBE, TORONTO

Specialists for over forty years, in the production of offset reproduction and press plates for the lithographic printing industry.



RABKO TELEVISION PRODUCTIONS CO. LIMITED, TORONTO

A modern film studio fully equipped and designed for the production of television commercials, industrial, sales training and educational films.

D. C. McLean, *Vice-President and Manager*



MEDALLION FILM LABORATORIES LIMITED, TORONTO

Devoted to the processing and distribution of 16mm and 35mm black and white and color films for TV and the visual communication field.

W. C. James, *Vice-President and Manager*



FAIRBAIRN STUDIO LIMITED, OTTAWA

A talented group of artists and designers operating along with the Ottawa Branch of Rapid Grip and Batten, Limited.

D. A. Williams, *Manager*



ARNOTT ROGERS BATTEN LTD., MONTREAL

An associate company. One of Canada's most modern creative studios with a dedicated staff of artists and photographers well known throughout the United States and Europe for their award winning work.

G. F. Rogers, *President*



ART ASSOCIATES LIMITED, TORONTO

Affiliated with the Toronto branch of Rapid Grip and Batten, Limited to supply quality creative art and photography for their many clients.

R. G. Scott, *President*



RAPID GRIP AND BATTEN, LIMITED